

Uncertain Supply Chain Management

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Exploring the link between human resource management practices and financial performance: The moderating effect of organizational culture

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ABSTRACT

Article history:

Received January 20, 2024

Received in revised format

January 27, 2024

Accepted February 15 2024

Available online

February 15 2024

Keywords:

Human Resource Management

practices (HRMP)

Employees Training

Incentives

Recruitment

Decentralization

Job Security

Organizational Culture

Financial Performance

This study investigates the relationship between Human Resource Management Practices (HRMP) and Financial Performance in the Jordanian Banking Sector, with a particular focus on the moderating effect of Organizational Culture. Employing a quantitative research approach, data was collected through surveys distributed among 353 employees in the Jordanian Banking Sector using a structured questionnaire. Random sampling was adopted as the sampling method. The findings from a partial least square structural path analysis reveal significant positive relationships between HRM practices (Employees Training, Incentives, Recruitment, Decentralization, and Job Security) and Financial Performance. Notably, Decentralization emerges as the strongest positive influencer, while Job Security exhibits a negative association with Financial Performance. Furthermore, the results from moderation analysis indicate significant interaction effects between Organizational Culture and various factors on Financial Performance in particular, the relationship with Employees Training, Incentives and Decentralization is positive toward Financial Performance that concludes a significant organizational culture increases HRM practices effects on financial results. On the other hand, allocation of job security dampens Financial Performance that suggests instead a healthy firm culture may neutralize over and above what is gained from guaranteeing employee job. On the other hand, in nonreciprocal interactions such as Organizational Culture and Recruitment does not substantially influence Firm's financial performance; this implies that culturally organizational may play an insignificant moderating role between recruitment practices than to firm outcomes. These research findings further elaborate the intricate relation in between HRM practices, Organizational Culture and Financial Performance through Jordanian Banking Sector. This study is vital and important to both researchers for the argument that this paper has advanced above all, as well as managers in practice who should do their best at creating such a positive organizational culture which will enable HRM practices becoming more effective., thereby leading to better financial performance of banking organizations.

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1. Introduction

The world's economy has become increasingly interdependent in recent years, facilitating international trade through increased connectivity and technology advancements (Ahmed, & Le, 2021). The national and international markets have become more competitive because of this spike, which has pushed businesses to compete for top people by offering higher salaries and better benefits. Several businesses rely on their workers to help them stand out in a crowded marketplace. As a result, they

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ISSN 2291-6830 (Online) - ISSN 2291-6822 (Print)

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doi: 10.5267/j.uscm.2024.2.014

are highly dependent on how well they manage their people resources (AlHamad et al., 2022; Fraihat et al., 2023a). Management of human resources (HRM) encompasses a wide range of activities, such as planning for human resources (HR), managing HR, strategic recruiting, training employees, managing salary increases, improving efficiency, fostering positive worker relations, providing health care, ensuring employee happiness, and providing services to employees. It consists of measures used to raise the bar for organisational effectiveness, employee participation, and the standard of output (Albrecht et al., 2018). According to Chadwick and Flinchbaugh (2021), a company's performance metrics including revenue returns, benefits, competitiveness, and market share would all see a significant uptick with the implementation of HRM practices. Regarding Jordan, Ahmed (2019) states that the expansion of small and medium-sized enterprises (SMEs) is a key issue that necessitates practical solutions. This is especially true given the challenges the country faces in its employment market and its reliance on the hydrocarbon sector for economic growth. The successes of the SME segment are being driven by the government of Jordan, in partnership with the private sector. The Jordanian government has paved the way for small and medium-sized enterprises (SMEs) by establishing policies and programmes that encourage their growth and development (Hundaileh, & Fayad, 2019). According to Khan et al. (2019), the objective of this research is to explore the relation between HRM practices and performance of an organization in Jordan.

It is common knowledge that HRM practices are becoming more and more tied to a business's success and objective level of performance. Every business uses the same HRM systems. The government institutions in Jordan seek to enhance and expand their organisational effectiveness through the implementation of HRM systems, notwithstanding the unique characteristics of the labour market in the specific area and the unique culture of the country. Because it believes that greater growth can only occur when every area of a region benefits equally from the economy or that the region must be considered when allocating funds or resources in order to try to maximise growth, the Jordanian federal government has focused on improving specific areas within the Banks (Hausmann et al., 2019). Therefore (Alsakarneh et al., 2023a), in countries like Jordan, where the government has decided that HRM will be a priority, these policies must be considered along with other significant factors like the legal system and fiscal considerations. It is also important to keep in mind the influence that religion will have on the political and financial structures. People who use government services should have access to them. Organisations in Jordan are no more restricted in their ability to move about or carry out their desired activities than they already are (Alkhaldeh et al., 2023). Though it's all part of their effort to fight globalisation, their financial position has become even more precarious considering the recent financial crisis. A few years ago, several Jordanian state organisations made a special effort to apply HRM strategies. Many HRM techniques are available to support the Jordan Region's growth and assist it achieve organisational effectiveness (Mohammad & Darwish, 2022; Ismael et al., 2023).

The direct effect of these HR practices on organisational performance has been the subject of numerous studies, Strategic compensation from employee satisfaction and commitment (Moustaghfir et al. 2020; Alkhaldeh et al., 2023), performance evaluation fosters a culture of excellence and continuous improvement (Zanon et al., 2021), and training programmes are linked to increased productivity and innovation (Rasoolet al., 2019; Fraihat et al., 2023b). Selective hiring is also associated with reduced turnover and enhanced team dynamics (Rubel et al., 2021). HR practices are changing in the modern company environment due to new trends including remote work, technology improvements, and an emphasis on diversity and inclusion. Businesses are releasing more and more that to effectively handle these changes, their HR strategies must be flexible. The interrelated effects of these HR practices on financial performance have been well researched, but more research is still needed to fully understand the complex interactions between them, particularly in the unique setting of the Jordanian banking industry (Ismael et al., 2023). The study also acknowledges that organisational culture modifies the impact of these HR practices, which adds another level of complexity to the association between HR practices and financial results' elective human resource management techniques are essential to the long-term viability of Jordanian banks, which are crucial to the nation's economy (Al Qura'an, 2024). Although several literature silicates a locally good association between strategic human resource practices and financial success, a thorough analysis is warranted due to the within de Jordanian banking sector, which include cultural menaces and un the sad that is being presented acknowledges non organizational calcined on the proven relationship her con financial success and ounce practices (Fraihat et al., 2023c), Because organisational culture is a complicated phenomenon, it can either fluence of human resource contractive, adding anodes level of complicit to examine these intricacies in the distinct setting of repose of identifying trends, interdependencies, and uncertainties that might as crate copredication set organisational dynamics.

2. Literature Review

2.1 Theories

This study aims to investigate the relationship between financial performance, organisational culture, human resource practices in Jordanian banks, it will utilise the theoretical frameworks of Contingency Theory and the Resource-Based View (RBV). These two theories provide contrasting viewpoints that advance our understanding of the ways in which organisational culture and other contextual factors shape the relationship between financial outcomes and human resource practices. Consequently, RBV offers a strong theoretical foundation for comprehending how HR practices can be seen as strategic assets that support the growth of distinctive organisational capacities (Gutierrez-Gutierrez et al., 2018). HR procedures include training, selective recruiting, employee remuneration, and performance revises are vital resources that, when handed well, give Jordanian banks a competitive edge (Alshibli, 2019; Simons, 2019). Investigating how these HR practices unique

organisational skills, including a trained and motivated workforce, which may therefore have positive influence on financial performance, is encouraged by the RBV lens (Valaei et al., 2022; Alkhawaldeh et al., 2020). The research will examine the intrinsic worth of HR procedures as vital resources in the contest of the company (D'Oria et al., 2021). By emphasising the significance of matching management methods with the unique features of the organisation or environment, contingency theory enhances the RBV (Alsharari, & Aljohani, 2023; Alsakarneh et al., 2023b). The study's case controls the organisational culture's contingent role. According to Contingency Theory, HR policies' efficacy varies depending on how well they align with the dominant cultural aspects of Jordanian banks (Gagat, 2022). Investigating how the alignment of HR policies on organisational culture affects financial performance is one way to explore this issue (Malcac et al., 2018). HR procedures that support innovation, for example, in an environment that encourages originality and feasibility. The study's consideration of the complex relationship between HR practices and organisational culture is guided by high contingency theory, which also recognises what the circumstances of Jordanian banks allocate and how effective IER practices are. A compelling connection that gives a rundle perspective on the migrations under study is made possible by the merger of RBV and Contingency Theory (Navak et al., 2023; Ismaeel et al., 2023). Contingency theory emphasises the mood of overmaning HR practices in the organisational content, notably the cultural characterises inside Jordanian banks, whereas the RBV highlights the intrinsic worth of HR practices as strategic resources. This integration makes it possible for the study to look at the inherent value of HR practices as well as how the cultural context affects how effective they are. This leads to a more thorough and understanding of the relationship between HR practices and financial performance in the context of Jordanian banks.

2.2 Human Resource Management Practices (HRMP)

Making use of an organization's human resources can give a business a stable competitive advantage. An approach to human resources that is grounded on research highlights how to apply resources to a variety of situations and issues that show how well they may be used. To create a sustainable competitive edge, organisations need to employ unique, non-resettable resources (Huselid, 1995). Khan et al. (2023) assert that it is reasonable to assume that government institutions will ape basic imitations. However, they assert that since both staff skills and new competitive models and techniques may be swiftly adopted by enterprises, both are necessary for success. Theories that involve knowledge of the organization's goals include those that place a greater emphasis on understanding the organization's objectives—something akin to an organising paradigm, a phrase used in strategic management. This idea states that a company's long-term competitiveness and its contributing factors will be valued more highly than its competitors' short-term strategies and outside market factors. The idea takes into account the three aspects of people, organisations, and finances in addition to being material, offices, employee benefits, and the capacity for companies to hire more workers with greater backgrounds, specialisations, talents, and abilities. According to Mousa and Othman (2020), when workers are not reaching their maximum potential and producing their best output, an organization's contribution to their productivity is not always maximised. According to Gilal et al. (2019), strategically speaking, this means that HRM practices cover policies that address matters critical to these fundamental domains, like staff retention, employee training, assessment, application of knowledge and capacity preparation, workforce engagement, and administrative issue management. This suggests that HRM's actions have an impact on both the HRM's role within a company and the overall compensation and selection process (Boon et al., 2019; Alkhawaldeh et al., 2022).

Furthermore, Pham et al.'s (2019) study, which was deemed relevant to this unit, pointed out that a number of qualities are necessary for success in today's extremely competitive market, including creativity, markets, the ability to adapt technology, capital availability, and the existence of large-enhancing scale. Human resources and HR management are critical to a business's overall performance and are among the things that allow it to reap a number of benefits. However, the most obstacle to long-term financial growth and profitability in these countries is that development-oriented enterprises in several of these countries are only now continuing to search for the best HR practices to manage the skills of their workforces (Wilton, 2019). An organization's success is significantly impacted by its capacity to manage its human resources successfully, per the research of Macke and Genari (2019). According to Cooke (2018), recruiting strategies are more directly linked to outcomes than anything else and that selective hiring practices have a positive effect on organisational success. Research aiming at improving workforce efficiency would ensure that the interests of all parties involved in the organisation are met, in addition to benefiting the workers. This author claims that there is a relationship between training methodologies and overall outcomes. The author concludes that having trained personnel will improve work-life balance and increase investment opportunities for the organisation because training methods and employee performance are favourably associated. However, the main finding of this study was that rewards are always positively connected with organisational success, while overall compensation and compensation plans generally have a direct correlation with the latter. The company revised its incentive and pay schedules on the belief that workers would perform better if they received fair remuneration and benefits. Studies have indicated a significant increase in employee and customer satisfaction when workers are treated well and participate actively in HR management processes. Similarly, employee productivity and growth are likely to increase when individuals hold high-level HR management positions inside the firm and an HR framework is formed whose practices favourably impact all these activities. Companies who include these components into their HR strategy also get the community's respect.

According to Bombiak and Marciniuk-Kluska (2018), a company's total success is significantly influenced by its HRM programs. Workplace rules that assist government agencies have been shown to gain from increased staff productivity. It is also essential that they consider several aspects pertaining to work quality, job security, the current administration, job readiness, and staff retention while evaluating their performance. Yong et al. (2020) concluded that compensation and training

had a major influence on an organization's overall performance based on his research. Furthermore, it was found that the performance of an organisation was significantly correlated with its human resources and the effective management of them, as well as employee compensation and management training (Robinson, 2018). HRM's responsibilities extend beyond advertising, acquiring, comprehending, and building buy-in to include identifying, nurturing, developing, and empowering new hires. Human resources have long been thought to serve as the primary role in a wide variety of business companies. While the global HRM oversees the company's external makeover, it also manages to establish itself as a leader in organisational change. The efficient growth of these companies has been greatly influenced by the HR division. According to Longoni et al. (2018), employers gain from their employees' upkeep, training, and capacity to perform as both managers and production workers. Furthermore, HR plays a critical role in defining the policies and guidelines that govern the organisation and its divisions. It must also have played a significant role in developing the corporate culture.

Additionally, Lai and Wong (2020) looked at the effect of HRM activities on organisational creativity to ascertain whether there is a connection between organisational creativity and information management expertise. New models of success are needed as HR management grows, and these models include performance review, organisational competency, and the ever-expanding job measuring tools. According to Brueller et al. (2018), HR managers must assess several organisational components related to pertinent concerns, including employee career possibilities, the process of ongoing training and advancement, and efficiency. Employees see competition as a catalyst for growth, just like HR efforts do, and these changes have had a big impact on their capacity to learn values and information that support the organization's objectives. Sani studied the connection between strategic HRM and organisational success in Nigerian insurance companies because of the significant influence they have on organisational culture. In many successful organisations, it is evident that last-step strategies such as assigning HR responsibilities to line managers (Alkhalwaldeh et al., 2020), employee development, job-oriented recruiting, job-based performance evaluation, results-oriented career preparation, and an HR system integrated into management techniques are essential. According to a recently released analysis on the topic, the organisational environment has little influence on strategic human resources management strategies (Stahl et al., 2020).

2.3 Organizational Culture

The term “organisational culture” is ambiguous because there is not a single definition for it. In research, this phrase can be described in a variety of ways. The most cited definition of organisational culture is how a company acts and reacts in different situations. This definition differs in cross-cultural organisations as a result. Diversity in the workforce is important in this context; the more diverse the workforce inside an organisation, the more diverse the definition that will be looked at (Elsbach, & Stigliani, 2018). Additionally, a comprehensive definition of organisational culture is presented, which is the response and attitude of the workforce. Conversely, organisational culture describes a complicated web of connections between values and conventions that shape people's views. The organization's culture is made up of the beliefs, attitudes, expectations, and experiences that have been absorbed via socialisation, education, and interaction with staff, management, and other employees. The examination of organisational culture has confirmed that the researchers create, support, and direct the organisational hypothesis—intentionally or not (Isensee et al., 2020). These cultural traits consist of the norms, experiences, philosophy, beliefs, and formal procedures that support the integration of an organization's image, internal operations, self-image, and external environment collaboration. Written or vocal instructions, sometimes known as oral instructions, have helped to preserve some of the norms and values from those external environments (Joseph & Kibera, 2019). Still, they are committed to each other. Senior management, employee training, and socialisation are all important components of an organization's culture creation as staff members become acclimated to the specific norms over time (Gürlek & Tuna, 2018). The public would select, readily embrace, and adopt the ideal culture—the one that best advances the organization's goals. It is argued that management use organisational culture as a tool to support rationalised efforts as well as effective conceptualization. It is not predicated on guiding or restricting principles; rather, it is an effort to improve upon existing practices. Workers have some influence over themselves and over each other because of their struggles. Consequently, the directors of an organisation bear the major task of formulating and moulding its culture. Zheng et al. (2019) have reported that there exists evidence bolstering the validity of the organisational culture hypothesis in the areas of explained training methodologies and direct control, both of which have not been widely or maybe sustainably adopted.

2.4 Financial Performance

Regarding the performance of organisations, several studies have investigated different approaches to assessing organisational performance. A second study that combined some elements of organisational performance evaluation was carried out on 17 distinct patterns of productivity and performance within organisations (Gartenberg et al., 2019). According to some definitions, organisational performance is a measure of the ability of employees to conduct numerous evaluations and the results in broad areas including financial performance, business performance, and effective organisation. The HR researchers also devised a system that uses the market share to earnings ratio—two key components—to measure an organization's performance in the market. Comparably, a wealth of research has demonstrated that the best method for evaluating the performance of an organisation is using financial ratios (Alshehhi et al., 2018; Al-Waely et al., 2021). On the other hand, opinions on HR procedures and other relevant matters are assessed differently. Furthermore, the research suggests that there is a whole range of dimensions available for human resource performance. Additionally, it is found that employee behaviour and the managers' strong positions can both be used to measure organisational performance (Hannoon et al., 2021). As a result, Knowledge Management Capabilities lists several techniques for evaluating organisational success. These fall into four

groups: the balanced scorecard, commercial metrics, tangible and intangible profitability, and intellectual capital (Shabbir & Wisdom, 2020; Al-Waely et al., 2021). The pattern of integration, an organization's overall performance, and the learning process, which may also assess the overall performance of an organisation, are used to gauge better organisational performance. In terms of how HRM practices, organisational learning, and knowledge management capabilities affect organisational performance, developing and developed nations differed the least from one another. But organisational culture typically has varied effects on different organisations, even within the same nation.

3. Hypotheses Development and Conceptual Framework

3.1 HRM Practices and Financial Performance

Hajdari et al. (2023) claim that employee training improves organisational performance. Tarigan et al. (2022) likewise assert that it has a significant influence on how an activity is carried out or how performance improves (Algarni et al., 2022). Some, if not all, of these benefits may lead to an increase in total employee efficiency as employers and employees are able to work together to put out their best efforts by sharing knowledge and providing assistance. A study by Bag and Omrane (2022) found that while off-the-job training increases efficiency, on-the-job training did not improve performance. In addition, effective training increases workers' satisfaction, which is vital for accomplishing organisational objectives, as well as the effectiveness of their abilities and knowledge (Lee & Suh, 2022). In contrast to Choudhary, a research team led by Lamba and her or him investigated the relationship between HR initiatives and organisational engagement and found motivation at work (Peláez-León et al., 2022). Some government agencies have adopted more slack strategies, putting short-term advantages ahead of long-term employee retention and training, while others have made major efforts to ensure that their staff members will be around for the long run. Thanks to greater training, the person now understands the work better and is more proficient at finishing it. Linking the skills and demands of the market with the expectations of the market has been the aim of the training that has been provided. Formal training, enhancing worker wellness, workforce readiness, re-orientation, establishing a safer workplace, and refresher training have all had a substantial impact on the company's performance (Li et al., 2022). These, in my opinion, may be considerably more advantageous.

H_{1a}: *Employee training significantly and positively affects financial performance.*

A significant correlation was found when researchers examined the association between managerial compensation and taking risks. Another potential effect states that this is believed to have a positive effect on the results (Park, & Kruse, 2014). The preceding authors' researchers have comprehensively documented the impact of rewards on the literature review pages. According to Gamayuni, and Dewi, (2019), there are two kinds of incentives: monetary ones like bonuses, allowances, or rewards; alternatively, moreover, people who work hard are commended highly and gain public recognition for it by taking an extra day off or going above and beyond. If the objectives of the pay system are in accordance with employee preferences and whether they assist workers in reaching their objectives (Landry et al., 2017). Young et al. (2012) evaluated the evolution of HRM practices at private Malaysian enterprises. Incentives have an impact on the success of the organisation, but protections—which are crucial for everyone—have also had an effect. Due to a variety of business strategies, performance-oriented awards, staff planning, performance evaluation, and managerial security, the company's performance has also improved when compared to others. Many companies have seen the impact of bonuses and awards, with the latter emerging as a considerably more potent influence in the workplace (Adu et al., 2023).

H_{1b}: *Incentives have a significant positive effect on financial performance.*

A very selective hiring procedure is advantageous, according to Kavitha, and Kalaiarasan, (2023), to find the ideal applicant who possesses the requisite training and expertise, can manage a variety of job needs, and blends in with the team. Additionally, this procedure guarantees that the selected individual has the skills and attributes needed to navigate a changing environment and culture. It goes without saying that a company should select the most competent applicants because they are less likely to hunt for other employment. Furthermore, Reid et al. (2022) pointed out that the labour-intensive, expensive hiring procedure is essentially a key profit-generating strategy used by HRMs. According to additional research by Kim et al. (2022), selecting the right personnel enables a business to optimise its resources, increase overall production, and save costs associated with training and development. University academics are twice as stressed, according to archaeogenetics experts, because both the amount of stress that high-performance policies impose on employees and the ways in which such measures relieve stress have been researched (Chege, 2022). Sifting through an existing workforce to fill new roles is considered one of the best practices in HRM. These and other equally significant factors are in addition to the other choices available for choosing staff, including selection criteria like remuneration. The selective hiring process has allegedly prioritised the need for enhanced efficiency and management support while simultaneously maintaining an emphasis on results, effectiveness, and profitability, according to Ali et al. (2023).

H_{1c}: *Financial performance is significantly and positively impacted by recruitment.*

Members of a team must coordinate their activities, focus, and efforts; each employee must be fully devoted to the same missions and goals. They must then take an active part in all initiatives and work together to make decisions. First, as noted

by Fadda et al. (2022), self-managed teams can have a substantial impact on the success of a company by showcasing their capacity to carry out duties that go above and beyond jobs and assignments. First, an increase in the number of junior managers within an organisation may have an impact on its growth dynamics. The industry will require more management tiers due to its rapid expansion. Middle-management team managers are starting to assume more responsibility for determining the company's direction and decision-making procedures are becoming more decentralised because of the company's growing number of businesses and clients. Furthermore, according to these experts, including employees in decision-making processes through decentralisation and delegation boosts productivity and engagement (Basory et al., 2023). These researchers have investigated the impacts and functions of Kenya's human resource management policy, as well as how well those functions support the objectives (Nawaz & Ohlrogge, 2023). Decentralising decision-making and granting self-managed teams' greater autonomy are critical components of an efficient company. The public sector has improved its capacity and utilised the support provided by HRM projects, leading to stronger HR support policies for its daily operations. A greater percentage of HRM employees have outperformed their counterparts in federal government organisations; however, this might be because of the differences in their job descriptions. The efficacy of enterprises' organisations has not greatly increased despite the fact that HR management has long since been deregulated in this country (Adu, 2022).

H_{1a}: *Decentralisation has a significant positive effect on financial performance.*

According to Abri et al. (2022), there is a favourable relationship between employees' confidence levels and their job security. More specifically, a higher degree of confidence is linked to stronger job security, and this strengthens employees' commitment to the company and its workforce. According to Ambrasat and Fabian (2023), employment security requires a certain level of reciprocity. It is said that the organisation must first reassure its workers that their jobs are "safe" before they will be able to demonstrate trust in the security of their employment. In the end, this leads to employees being more committed to producing better work, which is good for the business. According to the experimental results, when job security is offered by the company, it significantly improves organisational performance. Kim (2023) concluded that there is some evidence to show a positive association between job security and organisational success after looking at the US banking sector. Valizade et al. (2023) conducted research on job security and performance in Albanian public administration. The costs and benefits balance in relation to job stability are somewhat unknown. A lot of workers have taken use of their steady employment as a competitive advantage. Job security is more costly for the organisation because it requires more time, resources, and money to terminate an employee. Additionally, it acts as a buffer against job loss. One of the main advantages of HRM practices for businesses is that job security tends to draw in sincere, professional workers who are committed to their work (Tarigan et al., 2022).

H_{1c}: *There is a significant and positive impact of job security on financial performance.*

3.2 Organizational Culture as Moderator

According to Shea et al. (2023), there is a strong correlation between decision-making and organisational culture. He also concluded that culture predicts performance in the near run. Additionally, Sudiantini et al. (2022) suggested that organisational performance be predicted in the near term by culture. Denison (1984) explored involvement, reliability, adaptability, and long-term goals in his research, which was built around the trait approach. These combined characteristics result in efficiency because several subjective performance indicators, such as product development, market involvement, sales growth, cash flow, and productivity, are used to gauge an organization's performance (Jamali et al., 2022). Additionally, Krauss and Vanhove (2022) concluded in their study that, when using the "organisational culture profile" developed by Putra et al. (2022), culture has a considerable impact on organisational performance. The 54 "value statements" that make up the organisational culture profile include risk-taking, being cautious, being competitive, having job security, being independent, being egalitarian, being team-oriented, and some other performance-related metrics. However, Saluy et al. (2022) believe that organisational performance and culture have a stronger correlation in the case of production firms when compared to services and manufacturing businesses. However, Saluy et al. (2022) found that innovation and cultural strength are positively correlated with the insurance industry after looking at the effects of corporate culture on performance in the Singaporean setting. According to Krajcsák and Kozák (2022), there is a strong correlation between management methods that promote independence, innovation, and participation and organisational effectiveness. Additionally, Krajcsák and Kozák (2022) expanded on this point by showing that businesses with ongoing HRM procedures outperform rival businesses in the marketplace. According to Imran and Jingzu (2022), most of the conclusions about the relationship between organisational performance and culture are situational. Nonetheless, the assessment of the relationship between factors is gaining more and more attention from academics. The idea that organisational culture improves financial performance is the driving force for the growing appreciation of it (Long et al., 2023). Previous study has indicated that organisational culture has a crucial role in an organization's success; however, there aren't many studies that look at the relationship between these variables in the literature. Furthermore, it has been discovered that organisational culture significantly influences performance, either directly or indirectly. By examining the moderating effect of organisational culture, this study aims to close the gap that has been left in the literature. In this approach, the study will add to the body of knowledge about how organisational culture affects the relationship between HR procedures, technology, and organisational performance.

H₂: *There is a moderating effect of organizational culture on the link between human resource management practices and financial performance.*

Based on the above evidence, this study developed the Conceptual Framework in Fig. 1.

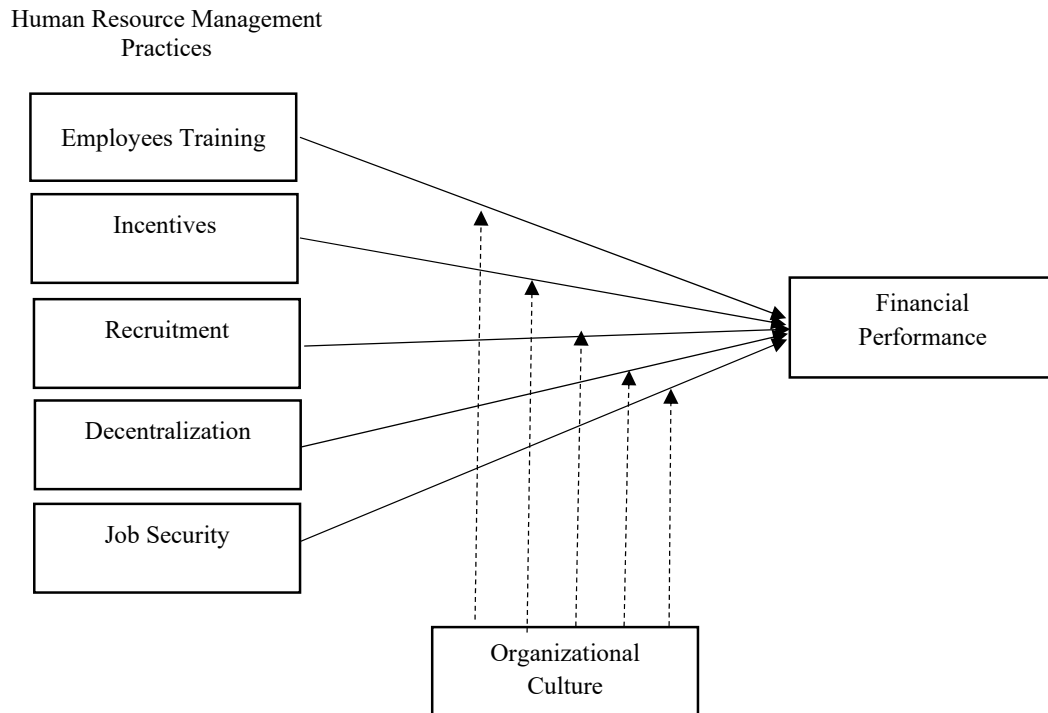


Fig. 1. Conceptual Framework

4. Research Methodology

The moderating effect of organisational culture on the relationship between financial performance and (HRMP) are best assessed using the quantitative research method in the current study. The major data gathering approach was used in the study. This study uses a survey with a questionnaire as its main data collection tool. The employees in the banking sector in Jordan have been chosen as the study's target population. A comprehensive, well-structured questionnaire was created and dispersed to every employee in the banking sector of Jordan. The study's sample consists of 353 workers in the banking industry in Jordan. The sampling strategy used is random sampling. This study also used a 10-likert scale that is 1 strongly disagree and 10 strongly agree. The Human Resource Management Practices (HRMP) (Employees Training (ET), Incentives (I), Recruitment (R), Decentralization (D), and Job Security (JB)) was adopted and modified from Anwar, & Abdullah, (2021). Organizational Culture (OC) was adopted and modified from Jamali et al. (2022). Financial Performance (FP) was adopted and modified from Bhatti et al. (2022) The data was collected from December, 2023 to January, 2024. The collected data and the methodologies adopted in the research was ensured to follow the research ethics. This study employed Partial Least Square Structural Equation Model and analysed the data collected.

5. Results and Discussion

5.1 Measurement Model

Table 1 represents the factor loadings for items in a measurement model used to assess various constructs such as decentralization, employee training, financial performance, incentives, job security, organizational culture, and recruitment. Factor loadings indicate the strength and direction of the relationship between observed variables (items) and latent constructs. In the context of validity and reliability, factor loadings are crucial as they demonstrate how well the items measure the intended constructs. Validity refers to the extent to which a measurement accurately represents the concept it is supposed to measure. Factor loadings provide evidence of construct validity. Higher factor loadings suggest stronger relationships between items and constructs, indicating better validity. In this table, most factor loadings are notably high, ranging from 0.744 to 0.899, indicating strong relationships between items and their respective constructs. However, it's essential to ensure that items are conceptually aligned with the intended constructs to maintain validity (Huang, 2021).

Decentralization (D), Employee Training (ET), Financial Performance (FP), Incentives (I), Job Security (JS), Organizational Culture (OC), and Recruitment (R) are the latent constructs being measured. Each construct has several items (D1-D3 for decentralization, ET1-ET5 for employee training, etc.), and their factor loadings indicate how strongly they contribute to

measuring their respective constructs. For instance, item D3 has a factor loading of 0.899 for decentralization, indicating it strongly represents that construct. Factor loadings involve considering their magnitude and significance. Factor loadings above 0.5 are generally considered acceptable, but higher loadings are preferable. Items with low factor loadings may need revision or removal to enhance the measurement model's validity and reliability. Overall, the factor loadings provided in the table demonstrate the strength of the relationships between items and constructs in the measurement model. Ensuring high validity and reliability is crucial for producing accurate and consistent research findings. Regular assessment and refinement of measurement instruments are essential for maintaining the quality of research outcomes (Dash, & Paul, 2021).

Table 1**Factor Loading**

Items	Decentralization	Employees Training	Financial Performance	Incentives	Job Security	Organizational Culture	Recruitment
D1	0.778						
D2	0.744						
D3	0.899						
ET1		0.76					
ET2		0.808					
ET3		0.820					
ET4		0.846					
ET5		0.731					
FP1			0.818				
FP2			0.807				
FP3			0.780				
FP4			0.818				
FP5			0.754				
FP6			0.799				
FP7			0.890				
I1				0.799			
I2				0.870			
I3				0.865			
I4				0.771			
I5				0.762			
JS1					0.827		
JS2					0.851		
JS3					0.885		
JS4					0.866		
OC1						0.793	
OC2						0.793	
OC3						0.789	
OC4						0.828	
OC5						0.868	
OC6						0.859	
OC7						0.787	
R1							0.795
R2							0.837
R3							0.824
R4							0.818
R5							0.765

Reliability refers to the consistency and stability of a measurement instrument. Reliability is often assessed through measures like Cronbach's alpha, which indicates internal consistency. High factor loadings contribute to reliability by indicating that the items consistently measure the same underlying construct. In this table, the high factor loadings suggest good reliability, especially if confirmed through additional reliability tests. Table 2 presents measures of reliability for different constructs within a research framework. Reliability indicates the consistency and stability of measurement instruments, ensuring that they produce consistent results over repeated applications. The table includes Cronbach's alpha, composite reliability and average variance extracted (AVE) for each construct.

Cronbach's alpha is a commonly used measure of internal consistency reliability, with values ranging from 0 to 1. Higher values indicate greater reliability. In this table, all constructs have Cronbach's alpha values above 0.8, except for Decentralization, which still maintains a respectable value of 0.7347. These alpha coefficients suggest strong internal consistency among the items within each construct (Fauzi, 2022).

Composite reliability is another measure of internal consistency, like Cronbach's alpha but more suitable for constructs with only a few items. Like Cronbach's alpha, values closer to 1 indicate higher reliability. In this table, composite reliability values are consistently high across all constructs, ranging from 0.745 to 0.927, indicating strong internal consistency and reliability. Average variance extracted (AVE) assesses the amount of variance captured by the construct relative to measurement error. Higher AVE values (ideally above 0.5) indicate that the construct explains a substantial proportion of the variance in its indicators. In this table, AVE values are generally above 0.5, ranging from 0.579 to 0.735, indicating that the constructs

explain a significant portion) f the variance in their respective indicators. In total, the numerical measures of reliability provided by Table 2 indicate that indeed the measurement structure used for the whole research framework is reliable and gives stable results. Values above 0.7 for Cronbach’s alpha composite reliability also show a value of AVE value in excess of 5 which suggests these constructs have considerable internal consistency and can be considered as reliable instruments measuring their intended concepts. Thus, the measurement model provides researchers the means to secure information with valuable reliability, boosting data trustworthiness and allowing this section of research results to come as quite believable. Evaluation and quantification of reliability standards on a regular basis are required to maintain the quality, reliability aspects as per measurement with precision in research studies (Yunus et al., 2021).

Table 2
Reliability

Constructs	Cronbach's alpha	Composite reliability (rho a)	Composite reliability (rho c)	Average variance extracted (AVE)
Decentralization	0.847	0.745	0.723	0.579
Employees Training	0.862	0.913	0.895	0.631
Financial Performance	0.884	0.892	0.909	0.590
Incentives	0.861	0.878	0.897	0.637
Job Security	0.880	0.883	0.917	0.735
Organizational Culture	0.909	0.918	0.927	0.647
Recruitment	0.869	0.878	0.904	0.653

Table 3 shows the HTMI ration discriminant validity in the research framework for constructs. The construct's validity defines that each of the involved it’s in its other, else says that concepts measured by these constructs are unique rather than overlapping among themselves. The measurement of HIM ratio is the evaluation between heterograft correlations and monotrait correlation. HIMT ratios below 0.85 point to good DV as constructs are sufficiently dissimilar from each other.

In Table 3, diagonal values indicate Monotrait correlations whereas off-diagonal elements denote Heterotrait correlations. The figure below urges a comparison of the ratio against the second corner based on the ratio between Heterotrait and traits in each cell. A necessary assumption for discriminant validity, Heterotrait correlations are significantly lower than Monotrait. Looking at the table, most of the HTMT ratios are below 0.85, indicating good discriminant validity. For instance, the HTMT ratios between Decentralization and other constructs are consistently low, suggesting that Decentralization is distinct from other constructs. Similarly, the HTMT ratios for Employees Training, Financial Performance, Incentives, Job Security, and Recruitment also indicate good discriminant validity (Khmeleva et al., 2022).

Table 3
Heterotrait-Monotrait Ratio

Constructs	Decentralization	Employees Training	Financial Performance	Incentives	Job Security	Organizational Culture	Recruitment	Organizational Culture × Job Security	Organizational Culture × Decentralization	Organizational Culture × Recruitment	Organizational Culture × Incentives	Organizational Culture × Employees Training
Decentralization												
Employees Training	0.717											
Financial Performance	0.614	0.724										
Incentives	0.782	0.805	0.678									
Job Security	0.745	0.754	0.532	0.777								
Organizational Culture	0.671	0.841	0.512	0.737	0.519							
Recruitment	0.62	0.418	0.617	0.385	0.368	0.346						
Organizational Culture × Job Security	0.152	0.401	0.257	0.164	0.438	0.328	0.107					
Organizational Culture × Decentralization	0.037	0.195	0.1	0.071	0.231	0.166	0.074	0.454				
Organizational Culture × Recruitment	0.092	0.076	0.046	0.035	0.149	0.229	0.058	0.393	0.514			
Organizational Culture × Incentives	0.073	0.212	0.147	0.131	0.244	0.208	0.036	0.548	0.493	0.362		
Organizational Culture × Employees Training	0.066	0.419	0.176	0.142	0.385	0.285	0.051	0.515	0.519	0.384	0.526	

Forell-Larcker criterion is yet another parameter by which discriminant validity between constructs in a research framework can be measured as shown in Table 4 below. Based on this criterion, the square root of each construct’s AVE is compared within other correlations with such a construct. The diagonal elements indicate the square root of AVE for any construct, while off diagonal is inter-construct correlation. The value of the Fornell-Larcker criterion should be higher enough than every subordinated correlation for discriminant validity; the square root if AVE must exceed each one between cross loadings. What is meant by this, a construct should have at least variances greater than the variance of and other constructs.

Table 4, the diagonal elements indicate AVE of each construct depicted as square root. These values should ideally be higher than the correlations between the construct and other constructs. Upon inspection, it appears that the diagonal values are generally lighter than the off-diagonal values, indicating good discriminant validity. For example, consider the Decentralization construct. Its square root of the AVE is 0.761, which is higher than its correlations with other constructs (ranging from 0.433 to 0.761), supporting its discriminant validity. Similarly, other constructs such as Employees Training, Financial Performance, Incentives, Job Security, Organizational Culture, and Recruitment also demonstrate good discriminant validity based on the Fornell-Larcker criterion.

However, it is important to note that while the Fornell-Larcker criterion is a useful tool for assessing discriminant validity, it has limitations and should be used in conjunction with other methods such as the Heterotrait-Monotrait ratio (HTMT) to provide a comprehensive evaluation. Overall, the Fornell-Larcker criterion results in Table 4 support the notion that the constructs in the research framework are distinct from each other, indicating strong discriminant validity (Gotthardt, & Mezhuyev, 2022).

Table 4
Fornell Lacker Criterion

	Decentralization	Employees Training	Financial Performance	Incentives	Job Security	Organizational Culture	Recruitment
Decentralization	0.761						
Employees Training	0.643	0.794					
Financial Performance	0.691	0.609	0.768				
Incentives	0.534	0.684	0.633	0.798			
Job Security	0.483	0.798	0.468	0.67	0.857		
Organizational Culture	0.433	0.713	0.458	0.656	0.625	0.804	
Recruitment	0.502	0.417	0.557	0.375	0.337	0.325	0.808

5.2 Structural Results

Table 5 presents the results of a structural path analysis, showing the beta coefficients, standard deviations, t statistics, p-values, and decisions for the relationships between different variables and Financial Performance. The beta coefficient represents the strength and direction of the relationship between each independent variable and Financial Performance. A positive coefficient indicates a positive relationship, while a negative coefficient indicates a negative relationship. The t statistics and corresponding p-values assess the significance of the relationships. A low p-value (typically below 0.05) suggests that the relationship is statistically significant. Table 5 shows statistically significant relationships with Financial Performance, as indicated by the p-values being 0.000. Specifically, Employees Training, Incentives, Recruitment, Decentralization, and Job Security all positively influence Financial Performance. Notably, Decentralization has the highest beta coefficient, indicating the strongest positive relationship with Financial Performance, followed by Employees Training. However, Job Security has a negative coefficient, suggesting that higher levels of Job Security are associated with lower Financial Performance.

Table 5
Structural Path Coefficients

Path Analysis	Beta Coefficients	Standard deviation	T statistics	P values	Decision
Employees Training → Financial Performance	0.425	0.038	11.25	0.000	Supported
Incentives → Financial Performance	0.26	0.024	10.756	0.000	Supported
Recruitment → Financial Performance	0.149	0.02	7.395	0.000	Supported
Decentralization → Financial Performance	0.446	0.026	17.413	0.000	Supported
Job Security → Financial Performance	-0.353	0.039	8.991	0.000	Not Supported

Table 6 illustrates the results of moderation (interaction) analysis, which examines how the relationship between two variables is influenced by a third variable. In this context, the interaction effect between Organizational Culture and various factors on Financial Performance is investigated. The beta coefficients represent the strength and direction of the interaction effect. Positive coefficients suggest that the interaction enhances the relationship between variables, while negative coefficients indicate a dampening effect. The statistical significance of the interaction effect is assessed through t statistics and p-values. A low p-value (typically below 0.05) indicates that the interaction effect is statistically significant. In Table 6, the interaction effects of Organizational Culture with Employees Training, Incentives, Decentralization, and Job Security on Financial Performance are statistically significant, as indicated by low p-values. Specifically, the interaction between Organizational Culture and Employees Training positively influences Financial Performance, suggesting that a strong organizational culture

enhances the impact of employee training on financial outcomes. Similarly, the interaction with Incentives and Decentralization also positively affects Financial Performance. Conversely, the interaction between Organizational Culture and Job Security has a negative impact on Financial Performance, indicating that a strong organizational culture may mitigate the positive effects of job security on financial outcomes. However, the interaction between Organizational Culture and Recruitment does not show a significant effect on Financial Performance, as indicated by the higher p-value of 0.713. This suggests that the combined influence of organizational culture and recruitment does not significantly impact financial performance in this context.

Table 6

Moderation (Interaction) Analysis

Path Analysis	Beta Coefficients	Standard deviation	T statistics	P values	Decision
Organizational Culture × Employees _Training → Financial Performance	0.097	0.034	2.831	0.005	Supported
Organizational Culture × Incentives → Financial Performance	-0.066	0.022	2.937	0.003	Supported
Organizational Culture × Recruitment → Financial Performance	0.008	0.021	0.368	0.713	Not Supported
Organizational Culture × Decentralization → Financial Performance	0.069	0.022	3.156	0.002	Supported
Organizational Culture × Job Security → Financial Performance	-0.156	0.034	4.582	0.000	Supported

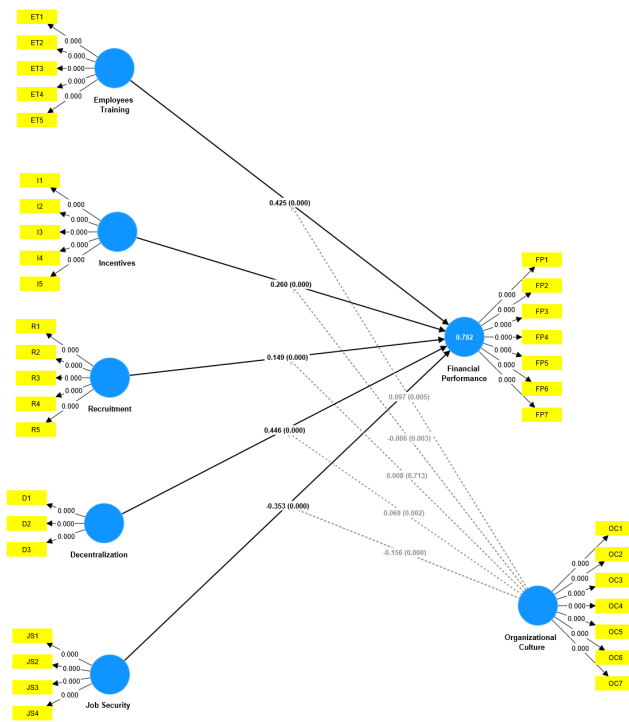


Fig. 2. Graphical Result

6. Discussion

The findings from the analysis of factors influencing Financial Performance in the Jordanian Banking Sector reveal several important insights. Notably, the study identifies Employees Training, Incentives, Recruitment Decentralization, and Job Security as significant drivers of Financial Performance within this sector, Firstly, Employees training emerges as a significant predictor of Financial Performance. This indicates that investments as training programs for employees lead to improved financial outcomes for banks operating in Jordan. Such conclusions coincide with the notion that well-disciplined employees are effective, efficient and able to satisfy customers’ needs which results in better financial success. Also, the supply of Incentives is proven to positively influence Financial Performance in Jordan’s Banking Sector. Incentives ranging from performance-based bonuses or rewards can go ahead to motivate employees to greatly achieve productivity and efficiency. as a result, they have a positive effect on the balance sheets of banks. This further emphasizes the need to link employees’ incentives with organizational goals so as to enhance performance and profitability. Recruitment methods also emerge as a

major driver of Financial Performance in Jordanian banks. The processes of attracting and retaining high-quality employees form part of the tasks in which banks compete, depending on meritocracy. The recruitment of skilled and qualified personnel is important so that banks have a pool of human resources to enable innovation, provision of quality services among others which are vital for bank survival. Among the factors analyzed, decentralization proves to be the factor having by far, with Financial Performance as a variable. Decentralization involves delegating decision-making authority to lower levels of the organization, allowing for faster response times, greater flexibility, and more efficient operations. In the context of Jordanian banks, decentralization may enable branches or departments to adapt to local market conditions, customize services, and better meet customer needs, ultimately leading to improved financial performance. However, the study also reveals a noteworthy finding regarding Job Security, which shows a negative coefficient in relation to Financial Performance. This suggests that higher levels of job security may be associated with lower financial performance in Jordanian banks. While job security is typically considered a vital aspect of employee well-being and organizational stability, excessive job security may lead to complacency, reduced productivity, and reluctance to adapt to changes or innovate. Thus, striking a balance between job security and performance expectations is crucial for optimizing financial performance while maintaining employee morale and engagement. The interaction between Organizational Culture and Employees Training is found to have a positive influence on Financial Performance. This suggests that a strong organizational culture can amplify the impact of employee training programs on financial outcomes in Jordanian banks. A positive organizational culture that values continuous learning, development, and skill enhancement is likely to foster a supportive environment where employees are more motivated to apply their training effectively, leading to improved performance and financial results. The relationship between Organizational Culture and Incentives as stated above is also positively associated with Financial Performance. A positive organizational culture that promotes fairness, recognition, and reward for performance is likely to enhance the effectiveness of incentive schemes in motivating employees to achieve higher levels of productivity and contribute to financial success.

Financial Performance is also positively influenced by interaction with Decentralization. Decentralized decision-making structures can be complemented by organisational culture scores that emphasize empowerment, autonomy and accountability to achieve agility in operations. With focus on financial performance in Jordanian banks this will enhance responsive efficiency of the companies leading towards growth value. On the other hand, Organizational Culture and Job Security interacting shows a negatively influenced Financial Performance. This implies that a high organizational culture may act against any positive results as regards financial outcomes from job security. While job security is typically associated with stability and employee well-being, being an overly secure environment may breed complacency, reduce employee motivation, and hinder innovation and productivity, thereby negatively impacting financial performance.

Interestingly, the interaction between Organizational Culture and Recruitment does not show a significant effect on Financial Performance. This implies that while organizational culture and recruitment practices are important individually, their combined influence may not significantly impact financial performance in the context of Jordanian banks. It is possible that other factors or dynamics within the organizational environment play a more dominant role in driving financial outcomes.

7. Conclusion

This research delved into the link between Human Resource Management practices (HRMP) and Financial Performance in the Jordanian Banking Sector, with a particular focus on the moderating effect of Organizational Culture. Utilizing a quantitative research approach and primary data collection through surveys distributed to 353 employees in the Jordanian Banking Sector, the study yielded valuable insights. The findings from the structural path analysis, as depicted in Table 5, revealed significant positive relationships between various HRM practices (Employees Training, Incentives, Recruitment, Decentralization, and Job Security) and Financial Performance. Notably, Decentralization emerged as the strongest positive influencer, while Job Security exhibited a negative association with Financial Performance. Furthermore, the results from the moderation analysis, presented in Table 6, highlighted the significant moderating effect of Organizational Culture on the relationship between HRM practices and Financial Performance. Specifically, a strong organizational culture was found to enhance the positive impact of Employees Training, Incentives, and Decentralization on Financial Performance. Conversely, the interaction between Organizational Culture and Job Security was found to have a negative influence on Financial Performance, suggesting that an overly strong organizational culture may counteract the positive effects of job security. However, the interaction between Organizational Culture and Recruitment did not show a significant effect on Financial Performance, implying that in this context, the combined influence of organizational culture and recruitment practices may not significantly impact financial outcomes.

The goal of the research was to offer strategies or recommendations regarding the HRM practices that were being studied that would increase or enhance the effectiveness of government organisations, particularly the banking industry in Jordan. Various researchers and studies have arrived at varying results about the correlation between HRM practices and organisational performance. It explains how human resource management practices and organisational performance are related. The knowledge, abilities, attitudes, and behaviours of employees are believed to be influenced by human resource management, which may influence the efficiency of the business. The degree to which human resource management practices, such as hiring, training, and career development—align with the organization's strategy is assumed to have a major impact on the relationship between organisational performance and HRM. Employees that work for companies with properly linked human resource management understand what is expected of them, which might result in similar performance and expectations for

conduct and work. In an organisational context, "performance" is more than just a catch-all word that's frequently used to refer to effectiveness, productivity, efficiency, and competitiveness. The widely accepted theoretical basis for the connection between organisational performance and HRM is the work system's larger performance framework. An organisation that promotes non-managerial staff members' participation in significant decision-making is the cornerstone of a higher performance work system. HR practices that support employee skill development and offer incentives for applying knowledge and taking part in decision-making are necessary under the higher performance work system. Appelbaum et al. (2000) demonstrated that the qualities of high-performance work systems—ability to involve, incentives, and skills—contribute to productivity in several industries. It implies that there is a positive correlation between the productivity of labour and/or organisational performance and a number of areas of human resource management practices, such as hiring and selection, training programmes, performance reviews, innovative techniques, perks, and compensation. A study indicates that businesses using the previously described strategies outperform those in the same industry with strict HR regulations. According to the configuration and contingency methods, organisational efficiency depends on the efficient integration of HRM practices and their combination in government organisations with a range of features. The performance of an organisation is greatly impacted by the various ways that human resource management practices are integrated as opposed to when the activities are discussed independently. In the strategic link between different HRM practices and performance, individual actions are not as significant as internally consistent and connected practices, or bundles. A package generates several favourable conditions that increase workers' motivation. Because the human resource bundles reflect greater and broader level impacts than those produced by focusing on individual initiatives, they are valuable for assessing impacts at the firm level. The engagement of different individual practices within these bundles—like those associated with skill and cognitive recruitment, incentive compensation, and training—is connected to the improvements in performance. Among the high commitment HR techniques that have been recognised as performance drivers include behavior-based reward and promotion, human and value-oriented training and selection procedures, wages that are set above market value, and contingent pay plans. The performance of employees is impacted by human resource management practices, and this effect is predicted by specific HRM measures. Improved organisational performance and more productive employees are the outcomes of better human resource management practices. However, several additional studies have shown how the outcomes of human resource management practices as a moderating factor, enabling the HRM practice to indirectly affect organisational performance. As stated before, the study aimed to investigate five distinct theories. Except for the fifth hypothesis, which stated that "Decentralisation is positively associated with organisational performance", all of the other hypotheses were determined to be false. The alternate hypothesis was accepted along with the null hypothesis since the p value was determined to be greater than 0.05. Consequently, it was found that decentralisation and organisational effectiveness are positively correlated. When a decentralised decision-making process is in place, employees endeavour to increase their effectiveness and efficiency at work. This has a big effect on how well the organisation performs. Organisations go from a centralised to a distributed decision-making structure in order to monitor the effects of productivity. The productivity and performance of an organisation can be enhanced. Employee participation is often higher in decentralised decision making, which can take place in large, medium, or small businesses. Decentralised decision-making also presents the opportunity to reduce employee involvement in suggestions and ideas, which is avoided. Giving employees the freedom to make decisions and assigning them authority might occasionally lead to lower employee levels producing significant profits that were not expected of them; this is just the outcome of decentralised decision-making.

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